

# Defense Logistics Agency Capitalizes on Technology

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FORT BELVOIR, Va. — “It’s not your father’s Oldsmobile. It’s a Corvette or some other high-speed vehicle.”

That’s how Army Lt. Gen. Henry T. Glisson, director of the Defense Logistics Agency, describes the agency’s transformation from a paperwork-based system to one capitalizing on existing and emerging information-based technologies.

The effort — and it has been substantial — has paid off.

The agency was featured in Defense Secretary William Cohen’s November 1997 Defense Reform Initiative as an example of how to do business effectively and efficiently. Cohen credited the agency with saving taxpayers \$285 million in administrative costs, reducing expensive warehousing, and creating an Internet-based commerce system to reduce future costs and improve customer service.

Additionally, Vice President Al Gore featured the agency in the October 1997 National Performance Review. Its Defense Distribution Region East in New Cumberland, Pa., was credited for working with private industry to improve government standards for delivery and overall customer service. The Defense Personnel Support Center in Philadelphia received high praise for improving delivery of medical supplies and cutting costs by \$680 million.

These accolades are the result of more than a decade of hard work and innovation, Glisson said.

“We started on this journey 10 years ago when we first started using electronic commerce, particularly using electronic data interchange for most of our procurements,” he said. “Over time, through some prototyping we did, we really saw the art of the possible. It allowed us to partner with industry to sort of capitalize on what industry was doing, adopt those commercial practices and bring those into government. As the Internet has exploded, we’ve been able to migrate along with industry — to leverage that capability to lower cost to the customers and provide a better service.”

As a result of this “journey,” agencies and offices which historically used what seemed like an endless stream of paperwork are now using commercial Visa cards, known in government as IMPAC [International Merchant Purchase Authorization Cards] cards, for purchases under \$2,500. DoD offices use them to buy everything from office supplies, tools, equipment, magazine subscriptions, and a host of services.

The Defense Reform Initiative calls for 90 percent of all small purchases to be made using IMPAC cards — a goal which Glisson believes will be met easily.

“I think you’ll see people will exceed that 90 percent. I think we’ll be in the high 90s before all is said and done,” he said, adding the Army is already using IMPAC for 80 percent of its small purchases.

Another cost-saving program highlighted in the Defense Reform Initiative is Prime Vendor contracting. Through this program, DLA awards contracts to vendors to provide goods and services as needed. Previously, the agency stockpiled goods for long periods in expensive warehouses.

For example, the Subsistence Prime Vendor Program provides food for military garrisons. Initiated in 1995, customers now receive direct shipments from vendors in 24 to 48 hours, resulting in fresher, brand-name products. Installations have been able to reduce or shut down cold- and dry-storage facilities. Glisson said savings have been dramatic — the agency puts them at \$250 million by 2000.

The Medical Prime Vendor Program, begun in 1993, provides a variety of pharmaceuticals or medical/surgical items for geographically clustered groups of customers. The contract requires 24-hour delivery as well as electronic invoicing, billing, and payment. This program has slashed ad-



ministrative costs, reduced inventory supplies from 60 to about 27 days, and saved taxpayers about \$88.5 million.

Glisson calls Prime Vendor contracting a win-win situation because it eliminates the middle bureaucracy and puts customers directly in touch with vendors. It also stimulates market competition, resulting in better prices and services for DoD.

"It gets us out of the old look that we had — of warehouses full of stuff, and people always asking, 'Why are you stocking it when it's available on the commercial market?'" Glisson said.

The Defense Logistics Agency's increased use of technology doesn't begin to compare to the possibilities created by the agency's electronic mall, or EMall.

Begun in 1997, the agency's EMall provides one-stop shopping for DoD customers. It blends the best of Internet-based shopping with the benefits already provided by use of IMPAC cards and the Prime Vendor Program. EMall links them into a system that will eventually benefit all DoD customers.

This month, EMall begins offering an integrated search capability with a single online registration and ordering process. Customers will be able to order more than 4 million different agency-managed items and hundreds of thousands of commercial items from vendor catalogs, corporate contracts, and the Navy's information management technology catalog.

Shoppers will be able to look for the best value, comparing quality, prices, and availability, just as they do when doing personal shopping on the Internet. Preliminary estimates of net savings to the government are in the tens of millions of dollars annually.

"It has great potential," Glisson said. "Not only will customers be able to do competitive shopping, they will be able to choose delivery time and track the status of the purchases."

The system has the potential to reach all levels. An office manager or motor pool officer will likely be able to avoid contracting processes by using EMall — buying items directly with all the conditions and discounts pre-negotiated and paying for them with IMPAC cards. DoD will save millions in processing costs and vendors will receive on-the-spot payment.

The EMall is accessible through the agency's website address: <http://www.supply.dla.mil>

While agency procurement and payment programs have benefits in their own right, their collective bottom line is readiness, Glisson said. Because these programs reduce operating, purchasing, and warehousing costs, they free up funds for modernization and training.

Indeed, as Glisson is proud to point out, his agency's link to the warfighter has become stronger. "We've become an integral part of the warfighting team," he said. "Today, we provide 100 percent of all the food, all of the clothing, all the medical supplies, all the fuel, for all the Services. We provide 83 percent of all the spare parts. So we've become linked to them in a way that we never would have imagined five years ago, and I think that's going to become even stronger in the next five years."

DLA deploys with its customers through contingency support teams, such as those now in Bosnia. The agency sets up sites that manage supply support and administer contracts.

Glisson envisions the day when warfighters will track their goods all the way from the manufacturer to their units, ships, or aircraft, and be able to redirect supplies as needed during the process. Deploying units will need to take less with them because they will know they can get resupplied quickly and reliably through the systems now entering service and others being developed.

He believes the Defense Reform Initiative's emphasis on a paperless workplace will help make this vision reality. By creating what he characterized as an "environment and culture change," Glisson said reform [initiatives have] given the Defense Logistics Agency a needed boost. This will move the agency rapidly toward its goal of a purely electronic procurement and supply system — one which increasingly improves customer service while contributing to readiness.

**Editor's Note:** This information is in the public domain and may be accessed at <http://www.dtic.mil/afps/news> on the World Wide Web.